

SENATE RECORD VOTE ANALYSIS

106th Congress
1st Session

Vote No. 178

June 22, 1999, 12:29 p.m.
Page S-7405 Temp. Record

STEEL QUOTA BILL/Cloture, motion to proceed

SUBJECT: Steel Import Limitation Act . . . H.R. 975. Lott motion to close debate on the motion to proceed.

ACTION: CLOTURE ON THE MOTION TO PROCEED REJECTED, 42-57

SYNOPSIS: As introduced, H.R. 975, the Steel Import Limitation Act, will direct the President to impose quotas or tariff surcharges or to negotiate enforceable voluntary export restraint agreements in order to ensure that the volume of specified imported steel products during any month does not exceed the average volume of imported steel for the 36-month period preceding July, 1997. Any restrictions imposed will expire at the end of the 3-year period beginning 60 days after the enactment of this Act. The Secretaries of the Treasury and Commerce will implement a program for administering and enforcing any restraints imposed or negotiated. The Customs Service will refuse entry into the United States of steel products in excess of any restraints that are put in place. Anyone who intends to import steel products will first have to obtain an import notification certificate. The Secretary of Commerce will be required to publish certain information obtained from applications for such certificates. The House passed H.R. 975 on March 17, 1999, by a vote of 289-141. The President has threatened to veto the bill.

On June 18, 1999, Senator Lott sent to the desk, for others, a motion to invoke cloture on the motion to proceed to the bill.

NOTE: a three-fifths majority (60) vote is required to close debate.

Those favoring the motion to invoke cloture contended:

H.R. 975 is needed to counteract the negative effect that a huge surge in illegally dumped foreign steel is having on the United States steel industry and its employees. It is necessary because the Clinton Administration has failed to act to stop the illegal dumping, and that failure is causing a huge loss in jobs and in United States industrial production capacity. The bill will force the Administration to act by requiring steel imports to be reduced to normal levels for the next 3 years.

The surge in illegally dumped steel is being caused by declines in the economies of countries that produce large volumes of steel,

(See other side)

YEAS (42)		NAYS (57)		NOT VOTING (1)	
Republicans (15 or 28%)	Democrats (27 or 60%)	Republicans (39 or 72%)	Democrats (18 or 40%)	Republicans (1)	Democrats (0)
Bennett	Bayh	Abraham	Gregg	McCain ⁻²	
Burns	Biden	Allard	Hagel		
Campbell	Boxer	Ashcroft	Hutchinson	EXPLANATION OF ABSENCE: 1—Official Business 2—Necessarily Absent 3—Illness 4—Other SYMBOLS: AY—Announced Yea AN—Announced Nay PY—Paired Yea PN—Paired Nay	
DeWine	Byrd	Bond	Hutchison		
Hatch	Conrad	Brownback	Jeffords		
Helms	Daschle	Bunning	Kyl		
Inhofe	Dodd	Chafee	Lott		
Santorum	Dorgan	Cochran	Lugar		
Sessions	Durbin	Collins	Mack		
Shelby	Edwards	Coverdell	McConnell		
Smith, Bob	Feingold	Craig	Murkowski		
Snowe	Harkin	Crapo	Nickles		
Specter	Hollings	Domenici	Roberts		
Stevens	Johnson	Enzi	Roth		
Thurmond	Leahy	Fitzgerald	Smith, Gordon		
	Levin	Frist	Thomas		
	Lincoln	Gorton	Thompson		
	Mikulski	Gramm	Voinovich		
	Murray	Grams	Warner		
	Reed	Grassley			
	Reid				
	Robb				
	Rockefeller				
	Sarbanes				
	Schumer				
	Torricelli				
	Wellstone				

including Japan, Korea, Russia, Brazil, and China. As those countries' economies have declined, their domestic markets for the steel that they produce have collapsed. They have therefore diverted their steel output to the United States and Western Europe. In addition, some European producers who previously exported to Asia have also started diverting their steel mill products to the United States. The resulting glut of steel has resulted in a collapse in prices. Foreign steel producers, many of whom are generously supported by subsidies from their governments, have been reducing their steel stockpiles by illegally selling their products in the United States at prices that are below their costs of production. United States steel mills are among the most efficient and cost-effective in the world, but they cannot compete with subsidized foreign companies that engage in illegal dumping.

It is true that there are means of stopping illegal dumping that are already in place, but the Clinton Administration has refused to use those means. In fact, instead of helping, it has actually interfered to harm United States steel producers. As of June 18, 1999, the United States steel industry had started 7 actions against foreign steel producers for illegal dumping, and in all but one of those cases the Clinton/Gore Administration stopped proceedings with suspension agreements, to the detriment of United States steel producers and workers. For example, the Administration initialed suspension agreements with Russia and Brazil that rewarded the m with unearned market share for hot rolled steel, despite finding preliminary antidumping margins ranging from 71 percent to 218 percent for Russia and 51 percent to 71 percent for Brazil.

When trade cases have been decided by the international trade courts, the United States has almost always won. However, it takes 1 year or more to resolve a case. During the time that it takes to resolve a case to stop the dumping of a particular steel product that is being dumped, all of the domestic producers of that product can be wiped out. The domestic steel industry faces precisely that problem today. In the past couple of years, 10,000 jobs have been lost, and tens of thousands of more jobs will be if we continue to rely on slow world trade courts (especially when we know that the Clinton/Gore Administration will likely undercut American claims that are brought to those courts). Relying on world trade courts may result in a Pyrrhic victory--the industry will be destroyed and left with nothing but the empty satisfaction of being told by a world court that it was right when it said that it was facing unfair, illegal foreign competition.

Therefore, we reluctantly find it necessary to support this bill, which will put in place the drastic solution of quotas for 3 years. With this solution, competitors will be able to take the United States to court and charge it with imposing illegal quotas; at the same time, United States steel producers will be able to continue bringing actions against their foreign competitors for illegal dumping. All of the cases will be considered concurrently. In the meantime, our domestic steel industry will not be destroyed. We know that this action is drastic, but it is needed. We urge our colleagues to join us in invoking cloture.

Argument 2:

We do not support quotas, but we must find a way to help the steel industry survive in light of the unfair foreign competition which it currently faces. By voting for cloture, all we are voting for is the proposition that there is a real problem that Congress should try to resolve. Quotas are not the only solution. For instance, the Finance Committee has an alternative proposal that would strengthen enforcement of existing laws against dumping, and Senator Specter has a proposal for an equity court that could resolve trade disputes in a matter of a few weeks rather than 1 year or more. We will not be able to consider this bill's call for quotas, the Finance Committee's proposal to strengthen enforcement of existing laws, or Senator Specter's proposal for swifter resolution of trade disputes if we refuse to even consider this bill. If we do not take any action, the dumping will continue, and more jobs will be lost. We oppose that result, and thus favor the motion to invoke cloture.

Those opposing the motion to invoke cloture contended:

We cannot overstate how misguided and dangerous this bill is. It is an irredeemable, illegal monstrosity that would damage the domestic steel industry, harm all domestic manufacturers that use steel in their products, and raise prices for all Americans. Worst of all, it very likely would lead to massive retaliation and trade wars. Those industries that are most heavily involved in world trade would be destroyed, inflation would result, and, if the situation continued to degenerate, a world recession could occur.

No one disputes that the United States has been flooded in the last 2 years with a huge influx of cheap foreign steel. This steel has come to the United States because foreign markets for steel, due to poor economic conditions, have shrunk. Making matters worse for the United States, the domestic demand for steel also declined during this time period due to a strike at General Motors. The corner has been turned--imports are down sharply as foreign economies have begun to grow, and the strike is over, so domestic steel prices have begun to rise. Thus, to a large extent, this bill proposes a solution to a problem that is rapidly disappearing.

Even if the problem were not disappearing on its own, this bill would not be helpful because its solution would harm the domestic steel industry rather than help it. The steel industry is doing well. Most of the large steel companies continued to make profits during the last 2 years despite the dumping of foreign steel on the market, and the newer, smaller mills that make specialized products are also doing well. Only a few of the old-line, large, inefficient mills are in trouble. If we were to enact quotas, we would arguably help some of these inefficient mills stay in business. However, other steel companies would be hurt in four major ways. First, they would

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end up paying higher prices for the steel they import. Fully 25 percent of all steel imports are bought by American steel companies for resale or further processing and then resale. American producers have to import foreign steel because they do not have the capacity to meet all the domestic demand by themselves. If quotas were enforced, then the prices for those imports would immediately rise. Second, American producers would end up having shortages in those steel products that were not produced domestically. Third, American steel would become less competitive on the world market because those foreign companies that were lucky enough to get American quota slots would make higher profits, and would thus effectively have a subsidy from America that would enable them to lower their prices elsewhere. Fourth, many countries would likely retaliate against American steel producers by imposing quotas to lock them out of their markets.

The damage that this bill would cause for industries that consume steel would be even greater than the damage that would come to the steel industry. We remind our colleagues that there are 40 jobs in steel-using industries for every 1 job in steel production. Auto manufacturers, appliance manufacturers, and all other industries that use steel in their products would be hurt by this bill because it would result in higher prices for steel. Higher prices result in fewer sales and fewer jobs. Enacting quotas, overall, would sacrifice more American jobs than it would save.

All of the above problems would result even if we were to assume that other countries would limit any retaliation they took to the steel industry. However, there is no reason to make that assumption. Other countries would much more likely strike back at America's strongest export industries. In particular, they would likely put restrictions on America's agricultural products. One-third of America's agricultural production is exported, which makes that industry particularly vulnerable to retaliation. Given that America's farmers are already in huge financial trouble, other countries would almost certainly see agricultural restrictions as an effective means of putting huge pressure on the United States to drop its steel quotas.

Unilaterally imposing steel quotas would blatantly violate the General Agreement on Tariffs and Trade (GATT), which has guided United States' trade policy, and world trade policy, for the last 50 years. The United States has been the primary force in the world for promoting free trade, and, as it has gradually succeeded in getting other countries to support free trade as well, world prosperity has increased. This bill directly contradicts that policy. If the United States returned to protectionist trade policies, other countries would quickly follow, and a trade war could result that would stifle international trade and lead to a world depression. The House has passed this bill by a veto-proof margin; if the Senate does the same, it will be the most catastrophic vote that has been cast since the enactment of the Smoot-Hawley tariff bill in 1930. We urge our colleagues not to make that mistake. We should not even consider this bill. We urge our colleagues to defeat the motion to invoke cloture on the motion to proceed.